DEPARTMENT OF STATE

SPECIAL ASSISTANT TO THE SECRETARY

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June 17, 1954

To: S/S - Mr. W. K. Scott

I attach two copies of the intelligence report requested in your memorandum of June 16. I hope this satisfies your requirements, but please let us know if you wish us to supplement it in any way.

I believe you know that a preliminary copy of this report was included in the materials being pouched for General Smith's perusal on his return trip. We have not distributed copies elsewhere in the Department, but will be happy to do so at your direction.

Fisher Howe
Deputy

Attachments

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OFFICE OF INTELLIGENCE RESEARCH

INTELLIGENCE REPORT

Prospects for and Probable Consequences of an OAS Resolution Against Guatemala

I. Will a Resolution Carry the OAS?

There is no doubt that the substance of the anti-Guatemala resolution proposed for Montevideo will be approved by more than two-thirds of the OAS nations. A unanimous vote is unlikely.

Mexico, Chile, and Argentina, and possibly others, probably will join in seeking to modify the language of the recommendation calling for preventive measures against arms shipments to Guatemala and against travel into and out of Guatemala by Communist agents. It is quite likely that Mexico and Chile at least will find themselves able to accept the resolution with some modifications. The Argentine representative, however, may be expected to abstain from voting because, in the Argentine view, the resolution would endorse "intervention" in Latin American domestic affairs.

The proposal for a meeting at Montevideo comes at a time when the Latin American community is still concerned over Guatemala's clandestine purchase of arms from the Soviet bloc. The incident dramatized the issue of Communism in Guatemala and has helped to repress Latin American misgivings about collective action in the case.

In the event that the Montevideo resolution should not lead to the elimination of Communist influence in Guatemala, the other republics would be prepared for some further action against Guatemala. Once the contemplated step has been taken, it would be easier to obtain consent to stronger measures necessary to complete the job.

II. What Effect Will the Resolution Have on Inter-American Relations?

It would be overly optimistic to expect Latin American opinion to swing wholeheartedly behind any anti-Guatemala resolution emerging from an OAS conference. Sentiment against "intervention" is too strong, anti-US feeling too widespread, and the Communists and their sympathizers far too active for this to happen. The net effect of the Montevideo conference on Latin American views of the US -- and thus on prospects for inter-American cooperation -- will depend upon developments in Guatemala itself.

In a major respect, the resolution poses no serious problem. Preventive measures against arms shipments to Guatemala would not place the burden of action on the Latin American States. Misunderstandings would thus be pretty much precluded.

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The clause on travel by Communist agents is susceptible of some mischief-making by the Communist movement. It is necessary to remember that Latin American Communists and fellow-travellers are often accepted as ordinary members of the community rather than as agents of the USSR. Some are well-known and respected citizens. The Communist movement in Latin America might dispatch individuals of this kind through Guatemala en route, say, to Prague, in the hope that incidents might arise. Efforts to enforce the resolution against these persons would be sure to rouse anti-US opinion of a highly vocal sort.

But the crucial test would not come in the enforcement of the resolution. The Latin American decision about the merits of action against Guatemala would turn, in the end, on what kind of regime succeeded to power in Guatemala as a result of that action.

If the Communist-infiltrated Arbenz government were to be replaced by a regime of the traditional Guatemalan cast, if the "reforms" of the post-1944 period were to be junked, and if it could be made to appear that the United Fruit Company had regained its former preeminent position in Guatemala, then a large and very articulate segment of Latin American opinion would accept the proposition that US imperialism had, in the interests of United Fruit, seized on a false issue to destroy a reformist Guatemala government.

If, on the other hand, a new Guatemalan government were to conserve the "gains of the revolution" and if it could be shown that the United Fruit Company had not recaptured "unfair" privileges, then not only would Latin American opinion be satisfied but also prospects for inter-American cooperation against Communism would be greatly enhanced. The Bolivian example is the best parallel: there can be no question but that US acceptance of and assistance to the Paz Estenssoro regime in Bolivia has made a large and favorable impression on the makers of opinion in Latin America; if something similar could be pointed to in the Guatemalan case, charges of US imperialism would get comparatively little acceptance outside of Communist circles.

III. What Will Happen in Guatemala?

The political scene in Guatemala is dominated by President Arbenz, his Communist advisors, and his sizable but relatively passive popular following.

In political opposition are those people and groups that fear, distrust, or hate the Communist flavor of the Arbenz regime. In the main, the opposition accepts or is unwilling publicly to reject the nationalist measures and social reforms of the Arbenz administration. If the opposition is not any stronger than in the past, the tension in Guatemala in recent months has certainly made it more active and more hopeful.

In a position to decide the political issue is the 6,000 man Guatemalan Army. This is a newly professionalized Army, proud of the military efficiency

developed during the past ten years. Its officers and men enjoy numerous privileges granted by the Arbenz government. The officer corps has personal ties to Arbenz who emerged from it into political life. So far as can be determined, the Army officer group has up until now respected Arbenz for his political acumen and has accepted without serious misgivings his explanations for his Communist connections.

Obviously there is no way of predicting the exact course of events in Guatemala if the OAS nations join, with near unanimity, in condemning Communist influence in Guatemala.

The Communists, of course, will try to persuade Arbenz to engage in a fight to the finish. A few would be ready to risk martyrdom; most would expect to make their escape from Guatemala if their cause were lost.

Arbenz himself is a strong willed, strong minded personality. If he could carry the Army with him, he might well be willing to test US intentions to the maximum extent. If he did not expect to bring the Army along, then a decision to resist would probably require the arming of civilians, which means, in Guatemala, labor and the Indians. This would require the assent of the Army, which controls most of the country's modern arms. For the Guatemalan Army, jealous of its monopoly of force, this would be a most unlikely action.

So far as the Army is concerned, its preferred choice unquestionably would be to keep Arbenz and to dispose of his Communist advisors. If the leaders of the officer corps could not persuade Arbenz to go along, they might carry off a coup and set up an Army regime as at least a stop-gap. Or, if they came to believe that opposition political groups could command some popular support and also could be counted on to protect the Army's position and perquisites, then the officers might install a new civilian government manned by members of the present opposition.

The probability is that the Army will take one of these three courses. Its officers will calculate, as will Latin Americans generally, that the US could not embark on the project of ridding Guatemala of Communist domination without intending to carry through any action necessary. This being the case, the Guatemalan Army can be expected sooner — perhaps even before Montevideo — or later to exert its dominant power to the end of preventing a showdown with the US.

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